

Fiscal Services Division

Legislative Services Agency

Fiscal Note

SF 2207 - Pay Equity, Health Providers (LSB 5932 SV)

Analyst: Jennifer Vermeer (Phone: (515) 281-4611) (jennifer.vermeer@legis.state.ia.us)

Fiscal Note Version - New

Description

Senate File 2207 requires group accident or health insurance policies to compensate services provided by podiatrists, chiropractors, or optometrists at the same level as equivalent services provided by physicians or osteopathic physicians. In addition, the Bill requires covered persons to have direct access to podiatrists, chiropractors, and optometrists with no prior referral.

Assumptions

1. Senate File 2207 affects State employee health insurance policies. The Bill has no effect on Calendar Year 2004 policies since the premium rates are in place and would not change. The additional cost affects Calendar Year 2005 rates, which results in a half-year impact in FY 2005, and the full cost in FY 2006. Wellmark Blue Cross Blue Shield (Wellmark) provided information to estimate the cost to State employee premiums. The Wellmark data was applied to all State employee premiums.
2. According to data provided by Wellmark, services provided by podiatrists, chiropractors, and optometrists account for 2.5% to 3.0% of benefits covered in State employee plans. The increase in compensation provided by the Bill results in an estimated increase in payments to these providers of between 25.0% to 60.0%. The Wellmark actuary estimates an overall increase in premiums of 1.0% to 1.5% due to this provision for all plans, except for the Blue Advantage managed care plan.
3. The provision requiring open access to these providers affects the managed care plans, as well as the compensation increase. Wellmark estimates an overall increase of 2.0% to 3.0% in managed care premiums due to the open access and increased compensation requirements.
4. The total estimated State share for the non-managed care plans is \$134,728,000. Applying a 1.5% increase to premiums results in an increase of \$2,021,000. The half-year cost is \$1,010,000 for FY 2005 and the full year cost is \$2,021,000 in FY 2006. The total estimated State share for the managed care plans is \$60,549,000. Applying a 3.0% increase results in an increase of \$1,816,000. The half-year cost is \$908,000 for FY 2005 and the full year cost is \$1,816,000 for FY 2006. Combined, the half-year cost is an increase of \$1,919,000 State funds in FY 2005 and \$3,837,000 State funds in FY 2006.
5. The overall increase in premiums also affects the cost to State employees. The estimated increase in cost to employees is \$324,000. The half-year cost for FY 2005 is \$162,000; the full year cost is \$324,000 in FY 2006.

Fiscal Impact

The estimated General Fund fiscal impact of SF 2207 is an increase in State employee premiums of \$1,919,000 in FY 2005 and \$3,837,000 in FY 2006. The Bill would also increase State employees' share by \$162,000 in FY 2005 and \$324,000 in FY 2006.

Sources

Department of Administrative Services
Wellmark Blue Cross Blue Shield

Dennis C Prouty

March 4, 2004

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
